

Hornby Hobbies is a British owned manufacturer of model and hobby products. Our company sits within the larger Toy industry categorisation. We trace our company roots back to two founding firms – Meccano (1901), and Lines Bros (1919).

Our brands are iconic and frequently referred to as the generic title for each product type:

- Hornby – Model Railways
- Scalextric – electric slot car racing
- Airfix – Plastic kits
- Humbrol – Paint and glue for craft and model making.
- Corgi – Diecast model vehicles.

We also own seven further brands which are market leaders in Europe or the USA:

- Model railways – Jouef (France), Electrotren (Spain), Lima (Italy) Rivarossi (Europe & America)
- Large scale kits – Pocher (Global), MKD (France)

From our UK offices we supply retailers, wholesalers and end users in 63 countries.

We employ 220 staff globally, 150 in our Kent Head Office.

Our age demographic covers primary school children up to port retired consumers. However, the majority of purchasers and users are adults.

\*\*

Our products are covered by European Safety Regulations – specifically BS EN71. This specifies a series of age bands for consumers, and also notes that certain products are exempted from classification due to their position in the market.

One exempted category is ‘Accurate Scale Models’ – which obviously form the vast majority of Hornby Hobbies products. These are predominately sold to adults as Collectable or mature hobbies, although legislation assumes purchasers can be as young as 14 years.

The Model and Hobbies segment of the toy industry suffers from low profitability and profit margins – for all stages of the product (Manufacture, developer and retailer). Significant further costs could not easily be absorbed. With large sums required to develop a product, the potential outcome would be a significant contraction of sources of supply and choice for the consumer.

\*\*

We have the following general comments about the ICO consultation on Age appropriate design.

With the wider political and economic environment currently, we feel the timing of this legislation is concerning. We support the 16 standards entirely, but are concerned about the following impacts in light of Brexit challenges:

1. The management time to understand and implement this is currently focussed on Brexit and post Brexit impacts. As a major exporter we can not afford to lose our overseas (mainly EU) market sales at this critical time.
2. Specifically, costs, time and resource is currently being drained as follows due to Brexit :
  - a. Reprint all product packaging to accommodate new UK toy safety logos.

- b. Allocate budget for scrapping current packaging and in some case product which can not be relabelled.
  - c. Replace all marketing material, and also amend packaging to add an EU representative office to supplement our UK office.
  - d. Plan and finance a secondary warehouse within the future EU states to handle Custom and Toy safety regulations in the event of a no-deal exit from the EU.
  - e. Change company and management structures to comply with EU regulations.
  - f. Manage loss of customers and their orders as retailers switch to internal EU suppliers to mitigate risk and cost fluctuations.
  - g. Attendance at various HM Govt panels and meetings to understand impacts and provide feedback to the relevant Government Departments.
3. Toy Safety regulations – as an industry with regulated products, we already hold within our core ideology the importance of protecting the child. These rules do not significantly extend our ethics, but do impact our business through workload, cost and restricting the abilities of us to trade in a successful manner. We would expect a cost benefit analysis to have been undertaken and included in the consultation to ensure the rules follow common sense and are practical.
  4. Compatibility with existing regulations – the age bands published in the consultation (page 23, and expanded subsequently) contradict those within BS EN71. There appears to be no reference or awareness that BS EN71 includes exemptions for certain product types.

\*\*

We then have the following specific comments on the draft regulations:

Page 5, Who is this code for.

The main definition is at fault in that it places the onus on us as business to regulate and manage customer experiences based on the assumption that a child of any age may access an ISS. This lies in contradiction to the BS EN71 exemption for 'Accurate scale models'.

Page 6, What is the purpose of this code.

There is no definition of how a business can demonstrate that it complies with the code. Based on the fines and punishments available to the regulator we would expect to see a detailed framework or rules covering steps required to satisfy a regulator in case of a future investigation.

Page 7 How does the code support parents?

Having previously defined an ISS as any website etc, it then narrows the use of such a site to 'online play'. We would contend that a website does far more than facilitate direct play. For instance, in our industry, our Model and Hobby products are 'system products' they require connecting or compatible items to work correctly. They also require knowledge and training to maximise their use – which needs to be supported by gradually increasing complexity of instructions.

Under the proposed rules we would be unable to support graduated learning or understanding of our system without significant investment in age verification.

Page 9 What happens if I do not comply with the code?

The proposed range of sanctions and particularly fines, are we feel, out of step with the offences and likelihood of serious damage to a UK business. The majority of UK businesses in this market are SMEs or family owned. Likewise, the average turnover of a manufacturer is towards the lower end of the spectrum found in your research.

A fine of €20 million, or the threat of one would remove competition from the market and should a fine be applied, wipe out most businesses in the market.

In our example, Hornby has a global turnover of £35 million, and a profit in the last financial year of **minus** £9 million. Since 2012, total company profits are less than £20 million.

We would propose removing the €20million maximum and restricting the 4% to UK turnover (i.e. the part impacted by a failure to comply).

Page 23 Age band definitions.

As mentioned earlier these bear no resemblance to existing legislation age bands and will cause confusion with retailers and difficulty for manufacturers.

We would propose a review of BS EN71 and closer correlation between the two. The important ages for us being:

- 3 years and over
- 14 years and over (considered above Toy Safety regulatory need)
- Exemptions for Adult toys – e.g. Accurate Scale Models

Page 25 Age verification services.

The consultation acknowledges that age verification tools are still a developing are. However, without a robust, yet easily accessible tool the aims of the legislation will be thwarted. Our research of the age verification tool market suggests the leading providers are linked to or designed for Age 18 plus Pornography websites.

We failed to find a tool which was designed for, or useable by our industry without concern. We would be worried that parents will be deterred from using available tools if they are strong associate with pornographic websites.

**Our view is until the ICO can signpost an independent and affordable tool then the legislation is fatally flawed and should not proceed into legislation.**

Page 55 Geolocation – off by default

One of our Apps relies on Geolocation of it and the models to operate a movement and action system. The product is targeted at our model railway consumers, who currently are mainly in the Age 50 plus category. However, we believe the migration from fixed hardware to phone/tablet based Apps will move the age range of users down.

As such the default setting of this product should be 'on' otherwise it will not work. Trains will not be controlled or move around the layout.

Secondly, whilst not a product we produce, our understanding is that competitors in the electric car racing market also use geo location to steer and move vehicles around a track. (Our system relies on a grove or slot in the track, which was developed by Scalextric in the early 1960's).

We would therefore propose that the regulations are specific to outward transmitting of geo locations beyond the App and linked toy/model.

In general, we view the ability to personalise or filter content on our websites or Apps as important. Model and Hobby products being 'system' based need to quickly reduce available components to only those which would work.

Secondly, as models are a recreation of the real world, users will typically wish to create a specific world. An example being a model railway person only wishing to own and operate trains as per a specific period of time. Therefore, they would not wish to see irrelevant products.

By personalising their experience (automatically or through questions/settings) we can improve the experience and make the product more accessible.

We would suggest the rules allow Profiling to comply with requirements of 'system' based products or those in the Model and Hobby category.